

GLOSSARY

Accrual Basis - A basis of accounting in which transactions are recognized at the time they are incurred, as apposed to when cash is received or spent.

Appropriation – An authorization made by the County Commission which permits the County to incur obligations to make expenditures for specific purposes.

Assessed Valuation - A value that is established for real and personal property for use as a basis for levying property taxes (DOR Market Value).

Asset - Resources owned or held by a government which have monetary value.

Available (Undesignated) Fund Balance - Refers to the funds remaining from the prior years which are available for appropriation and expenditure in the current year.

Base Budget Allowances – Funding for ongoing expenditures for personnel, commodities, contractual services and replacement of existing equipment previously authorized. The base budget allowance provides funding to continue previously authorized services and programs.

Bonds – A written promise to pay a sum of money on a specific date at a specified interest rate. The interest payments and the repayment of the principal are detailed in a bond ordinance. The most common types of bonds are general obligation, revenue bonds, and special improvement district bonds. These are most frequently used to finance capital projects.

Bond Rating – An evaluation of a bond issuer's credit quality and perceived ability to pay the principal and interest on time and in full.

Bond Refinancing - The payoff and re-issuance of bonds, to obtain better interest rates and/or bond conditions.

Budget – A plan of financial operation for a specific time period (Gallatin County's budget is for a fiscal year July 1 - June 30). The budget contains the estimated expenditures needed to continue the county's operations for the fiscal year and revenues anticipated to finance them.

Budget Calendar - The schedule of key dates or milestones which the County follows in the preparation, adoption, and administration of the budget.

Budget Message - The opening section of the budget which provides the County Commission and the public with a general summary of the most important aspects of the budget, changes from the current and previous fiscal years, and recommendations regarding the financial policy for the upcoming period.

Budgetary Basis - This refers to the form of accounting utilized throughout the budget process. These generally take one of three forms: GAAP, Cash, and Modified Accrual.

Budgetary Control - The control or management of a governmental unit or enterprise in accordance with an approved budget for the purpose of keeping expenditures within the limitations of authorized appropriations and available revenues.

Capital Budget – See Capital Improvement Program

Capital Expenditures – The item has a unit cost over \$5,000, it benefits future periods, it has a normal useful life of 1 year or more, it has an identity that does not change with use (i.e., retains its identity throughout its useful life), and it is identifiable and can be separately accounted for. Improvements to existing assets must add value and life to be included in the value of any Capital item.

Capital Improvements - Expenditures related to the acquisition, expansion or rehabilitation of an element of the government's physical plant; sometimes referred to as infrastructure.

Capital Improvement Program (CIP) – A plan for capital expenditures needed to maintain and expand the public infrastructure (for example, roads, parks, buildings, etc). The CIP projects these infrastructure needs for a set number of years (normally 5) and is updated annually to reflect the latest priorities, cost estimates or changing financial strategies. The first year of the adopted Capital Improvement Program becomes the Annual Capital Budget.

Capital Outlay – Items that cost more than \$1,000 and have a useful life of more than one year.

Capital Project – New facility, technology system, land acquisition or equipment acquisition, or improvements to existing facilities beyond routine maintenance, with a cost of \$50,000 or more, capital projects are included in the Capital Improvement Program and become fixed assets.

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Cash Basis - A basis of accounting in which transactions are recognized only when cash is increased or decreased.

CDBG – Community Development Block Grant.

CIP – See Capital Improvement Program

Contingency - A budgetary reserve set aside for emergencies or unforeseen expenditures not otherwise budgeted.

Contractual Services – Expenditures for services performed by firms or individuals.

CTEP – Community Transportation Enhancement Program – Grant from Federal Transportation System for property's along the federal highway system.

Debt Ratios – Ratios, which provide a measure of assessing debt load and ability to repay debt which play a part in the determination of credit ratings. They are also used to evaluate the County's debt position over time and against its own standards and policies.

Debt Service – Payment of principal and interest on an obligation resulting from the issuance of bonds.

Debt Service Fund - Debt Service Funds are set up to receive dedicated revenues used to make principal and interest payments on County debt. They are used to account for the accumulation of resources for, and the payment of, general obligation and special assessment debt principal, interest and related costs.

Debt Service Fund Requirements - The amount of revenue which must be provided to a Debt Service Fund so that all principal and interest payments are made in full on schedule.

Deficit -The excess of an entity's liabilities over its assets or the excess of expenditures over revenues during a single accounting period.

Department - A major administrative division of the County which indicates overall management responsibility for an operation or a group of related operations within a functional area.

DOR - Department of Revenue – State of Montana's agency responsible for the assessing of property in all jurisdictions.

Depreciation - Expiration in the service life of capital assets attributable to wear and tear, deterioration, action of the physical elements, inadequacy, or obsolescence.

Distinguished Budget Presentation Awards Program - A voluntary awards program administered by the Government Finance Officers Association to encourage governments to prepare effective budget documents.

Enterprise Funds – Funds that are accounted for in a manner similar to a private business. Enterprise funds usually recover their costs (including depreciation) through user fees. The county has three such self-supporting funds: Rest Home, Landfill, and Refuse District.

Estimate – The most recent prediction of current year revenue and expenditures. Estimates are based upon several months of actual expenditure and revenue information and are prepared to consider the impact of unanticipated costs or other economic changes.

Estimated Revenue - The amount of projected revenue to be collected during the fiscal year.

Fixed Assets - Assets of a long-term character intended to continue to be held or used, such as land, buildings, machinery, furniture and other equipment.

FTE – See Full-Time Equivalent

Full Faith and Credit - A pledge of an entity's taxing power to repay debt obligations.

Full-Time Equivalent (FTE) – A position converted to the decimal equivalent of a full-time position based on 2,080 hours per year. For example, a part-time clerk working for 20 hours per week would be equivalent to one-half of a full-time position or 0.5 FTE.

Fund – An independent governmental accounting entity with a self-balancing group of accounts including assets, liabilities and fund balance, which record all financial transactions for specific activities of government functions.

Fund Balance – As used in the budget, the excess of resources over expenditures. The beginning fund balance is the residual funds brought forward from the previous fiscal year.

GAAP – See Generally Accepted Accounting Principles

General Obligation Bonds (G.O. Bonds) – Bonds that require voter approval and finance a variety of public capital projects such as roads, buildings, parks and improvements. Bonds are backed by the "full faith and credit" of the issuing government.

GLOSSARY

Goal – A statement of broad direction, purpose or intent based on the needs of the community. A goal is general and timeless; that is, it is not concerned with a specific achievement in a given time period.

G. O. Bonds – See General Obligation Bonds

Grant – A contribution by one government unit or funding source to another. The contribution is usually made to aid in the support of a specified function (e.g., public safety or drug enforcement, but it is sometimes for general purposes).

Infrastructure – Facilities that support the daily life and growth of the county, for example, roads, public buildings, and parks.

Improvement Districts – Special assessment districts formed by property owners who desire and are willing to pay for mutually enjoyed improvements such as roads or maintenance districts.

Intergovernmental Revenue - Revenue received from federal, state and other local government sources in the form of grants, shared revenues, and payment in lieu of taxes.

Levy – See Tax Levy

Line-Item Budget - A budget that lists each expenditure category (salary, materials, telephone service, travel, etc.) separately, along with the dollar amount budgeted for each specified category.

Mandate – Legislation passed by the state or federal government requiring action or provision of services and/or programs. Examples include the Americans with Disabilities Act, which requires actions such as physical facility improvements and provision of specialized transportation services.

NVRA – National Voter Registration Act.

Objective – A desired output-oriented accomplishment that can be measured and achieved within a given time frame, and advances the activity and organization toward a corresponding goal.

Operating Budget - The portion of the budget that pertains to daily operations that provide basic governmental services. The operating budget contains appropriations for such expenditures as personnel; supplies, utilities, materials, travel, and fuel.

Operating Funds – Resources derived from continuing revenue sources used to finance ongoing operating expenditures and “pay-as-you-go” capital projects.

Ordinance – A formal legislative enactment by the County Commission. If it is not in conflict with any higher form of law, such as a state statute or constitutional provision, it has the full force and effect of law within the boundaries of the county.

Outstanding Bonds – Bonds not yet retired through principal and interest payments.

Overlapping Debt - The County's proportionate share of the debt of other local governmental units which either overlap it or underlie it. The debt is generally apportioned based on relative assessed value.

Pay-As-You-Go Capital Projects – Capital projects whose funding comes from day-to-day county operating revenue sources.

Performance Budget - A budget that focuses on departmental goals and objectives rather than line items, programs, or funds. Workload and unit cost data are collected in order to assess the effectiveness and efficiency of services.

Personal Services – All costs related to compensating county employees including employee benefits costs such as contributions for retirement, social security, and health and workers' compensation insurance. It also includes fees paid to elected officials, jurors, and election judges and clerks. It does not include fees for professional or other services.

PILT - Payment in Lieu of Taxes from the Federal Government based on acreage within each county.

Program Budget - A budget that focuses upon broad functions or activities of an agency or jurisdiction rather than upon its organizational budget units or object classes of expenditure.

Property Tax – A levy upon each \$100 of assessed valuation of property within Gallatin County.

Resolution - A special or temporary order of a legislative body (County Commission) requiring less legal formality than an ordinance or statute.

Resources – Total amounts available for appropriation including estimated revenues, fund transfers and beginning fund balances.

GLOSSARY

Restricted Funds – See Special Revenue Fund.

Revenue - Funds that the government receives as income. It includes such items as tax payments, fees from specific services, receipts from other governments, fines, forfeitures, grants, shared revenues and interest income.

Revenue Bonds – Bonds usually sold for constructing a project that will produce revenue for the government. That revenue is pledged to pay the principal and interest of the bond.

Risk Management - An organized attempt to protect a government's assets against accidental loss in the most economical method.

Special Revenue Fund – A fund used to account for receipts from revenue sources that have been earmarked for specific activities and related expenditures. Examples include road, road impact fees, public assistance, bridge, fair, and public safety.

State-Shared Revenues – Revenues levied and collected by the state but shared with local governments as determined by state government each year. Entitlement funds received by the County from the state is the largest of such shared revenues.

Taxes - Compulsory charges levied by a government for the purpose of financing services performed for the common benefit of the people. This term does not include specific charges made against particular persons or property for current or permanent benefit, such as special assessments.

Tax Levy - The resultant product when the tax rate per one hundred dollars is multiplied by the tax base.

Transfers In/Out - Amounts transferred from one fund to another to assist in financing the services for the recipient fund.

TSEP – Treasure State Endowment Program – Grant fund appropriated on a bi-annual basis by the state legislature.

Unreserved Fund Balance - The portion of a fund's balance that is not restricted for a specific purpose and is available for general appropriation.

User Fees or User Charges – A fee paid for a public service or use of a public facility by the individual or organization benefiting from the service.

Vacancy Savings – Budget savings realized through normal employee turnover.

Workload Indicator - A unit of work to be done (e.g., number of permit applications received or the number of burglaries to be investigated).